

**ANNUAL REPORT  
OF THE  
COMMISSION ON STATE TAX AND  
FINANCING POLICY**



**Indiana Legislative Services Agency  
200 W. Washington Street, Suite 301  
Indianapolis, Indiana 46204**

**November, 2008**

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# COMMISSION ON STATE TAX AND FINANCING POLICY

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## **I. STATUTORY AND LEGISLATIVE COUNCIL DIRECTIVES**

The Indiana General Assembly enacted legislation granting the Commission general powers (IC 2-5-3-5) to study and investigate the following:

- (1) The present state, county, and city tax structure of the state of Indiana.
- (2) Its revenue-producing characteristics and effects upon the economy of the state of Indiana.
- (3) Its equalities and fairness.
- (4) The enforcement policies and administrative practices related to that tax structure.
- (5) The costs of collection in relationship to the burden of the tax.

In addition IC 2-5-3-5 authorizes the Commission to examine overall administrative matters, fiscal matters, and procedural problems of the various departments of the state, county, and city governments as they relate to tax and financing policy.

HEA 1001-2008, SECTION 827 directed the Commission to study alternative methods for distribution within a county of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 (CAGIT, COIT, and CEDIT).

HEA 1001-2008, SECTION 836 directed the Commission to:

- (1) study whether it is reasonable and appropriate to require all counties to use a single state designed software system to provide a uniform and common property tax management system; and
- (2) if the Commission's findings in the study under subdivision (1) are in the affirmative, study whether it is reasonable and appropriate for the state to fund any part of the system referred to in subdivision (1).

HEA 1001-2008, SECTION 836 directed the Commission to study:

- (1) the possibility of eliminating the existing method of assessing and valuing property for the purpose of property taxation; and
- (2) the use of alternative methods of valuing property for the purpose of property taxation;

based on a report submitted to the Commission by the Department of Local Government Finance.

HEA 1125-2008, SECTION 82 directed the Commission to study the feasibility of establishing a sales tax increment financing district in Warrick County to facilitate the establishment of a museum and education complex.

HEA 1220-2008, SECTION 1 directed the Commission to study state and local funding

alternatives for the South Shore West Lake extension.

The Legislative Council assigned to the Commission the additional responsibility of studying the following:

- (1) Fire territories funding after HEA 1001-2008.
- (2) Long term and dependable funding possibilities to assist local units of government in filling budgetary gaps for road and bridge construction maintenance.
- (3) Various issues surrounding the possible elimination of the taxation of homestead property, including sources of replacement revenue and the impact on homeowners and local government.
- (4) Funding of the Indiana Law Enforcement Academy.
- (5) Purchasing practices and efficiencies of area educational service centers and the application of IC 36-1-12 to those purchasing practices.
- (6) Gasoline pricing practices within the state.

## **II. INTRODUCTION AND REASONS FOR STUDY**

### **Fire Protection Territories, Property Taxes on Homesteads, and Other Issues Related to HEA 1001-2008**

In 2007, the Commission received testimony concerning the elimination of property taxes on homesteads and other property. HEA 1001-2008 enacted numerous changes in the power of local governmental units to impose property taxes. Property taxes on homesteads were limited but not eliminated. Exemptions from levy limits for fire protection territory levies were eliminated.

### **Funding of Local Bridge and Street Construction and Maintenance**

Local bridge and street construction and maintenance is primarily funded through distributions of gas tax revenues (IC 6-6-1.1) through the motor vehicle highway account under IC 8-14-1 and the local road and street account under IC 8-14-2. Distributions are affected by the total number of gallons sold in Indiana and the percentage of revenues allocated to state highway and law enforcement purposes. Other sources of funding include the optional county motor vehicle excise surtax (IC 6-3.5-4) and county wheel tax (IC 6-3.5-5). Notwithstanding the general prohibition on using property taxes for the maintenance of county highways (IC 8-18-8-5), all municipal corporations and county executives may provide a cumulative bridge fund to provide funds for the cost of construction, maintenance, and repair of bridges, approaches, and grade separations (IC 8-16-3-1). IC 36-1-3-9 provides that municipalities have exclusive jurisdiction over bridges inside the boundaries of the municipality if the county does not have a cumulative bridge fund. The cost of road and bridge maintenance is increasing faster than revenues.

### **Distribution of CAGIT, COIT, CEDIT Revenue**

The permissible distribution formulae for allocating local income tax revenue (i.e., county adjusted gross income tax (CAGIT); county option income tax (COIT); county economic development tax (CEDIT)) among local governmental entities are specified by statute (see IC 6-3.5). The principal method is allocation by relative property tax levy of eligible taxing units. However, CEDIT can be allocated by relative population within the units (see IC 6-3.5-7-12). Changes in the relative levies or population of the units (for example, as a result of annexation) can affect the relative distribution of local income taxes made to each unit.

### **Single, State-Wide Property Tax Management System**

IC 6-1.1-31.5-3.5 requires the Department of Local Government Finance (DLGF) to adopt rules for the establishment of:

- (1) a uniform and common property tax management system for all counties that:
  - (A) includes a combined mass appraisal and county auditor system integrated with a county treasurer system; and
  - (B) replaces previously permitted computer systems; and
- (2) a schedule for implementation of the system.

50 IAC 23 implements the statute by requiring local computer systems to be certified by DLGF.

### **Alternative Assessment Methods**

IC 6-1.1-31-5 provides that subject to other provisions of IC 6-1.1, the rules adopted by DLGF are the basis for determining the true tax value of tangible property. IC 6-1.1-31-6 provides that, for the purposes of assessing real property, true tax value does not mean fair market value.

An early version of the proposed 2011 Assessment Manual replaced the market value in use standard of assessment with a market value standard:

<http://www.in.gov/dlgf/files/2011-RealPropertyManual.pdf> (viewed November 3, 2008)

The adopted version of the 2011 Assessment Manual restores the market value in use standard:

[http://www.in.gov/dlgf/files/Adopted\\_2011RealPropertyAssessmentManual.pdf](http://www.in.gov/dlgf/files/Adopted_2011RealPropertyAssessmentManual.pdf) (viewed November 3, 2008)

HEA 1001-2008 directed the Commission to study the issue of alternative assessment practices.

### **Sales Tax Increment Financing District**

Engrossed Senate Bill 19-2008 would have permitted Warrick County to establish an economic development project district. ESB 19-2008 was not enacted. HEA 1125-2008 directed the Commission to conduct a study of the subject.

### **South Shore West Lake Extension**

As introduced, HB 1220-2008 would have established a transportation tax area for the territory within Lake County and Porter County and provided for an allocation to the transportation tax area from the state gross retail and use taxes collected from the counties for the purpose of projects related to the establishment of a West Lake commuter rail extension to the South Shore commuter rail line. The enacted version of the bill directed the Commission to conduct a study of the project.

### **Funding of Indiana Law Enforcement Academy**

Court fees are used to fund the law enforcement academy building fund established by IC 5-2-1-13 and the law enforcement training fund established by IC 5-2-1-13. (IC 33-37-7-9). Revenues are increasing more slowly than costs.

### **Educational Service Centers**

SB 238-2008, as introduced in the 2008 Session of the General Assembly, proposed to limit the authority of school corporations to employ contractors for repair and maintenance projects under a pricing schedule established through multi-state bidding process conducted by area educational service centers. The bill was not enacted.

### **Gasoline Pricing**

During the summer of 2008, retail gas prices increased to over \$4 per gallon. Prices varied from retail location to retail location. Rep. Cochran requested that a study of the reasons behind this variation be conducted.

## **III. SUMMARY OF WORK PROGRAM**

The Commission met six times in 2008. An additional meeting scheduled for September 23, 2008, was cancelled.

At the first meeting on July 29, the Commission took testimony concerning funding of the Indiana Law Enforcement Academy, funding of fire protection territories, and purchasing practices and efficiencies of area educational service centers and the application of IC 36-1-12 to those purchasing practices.

At the second meeting on August 27, the Commission continued taking testimony on purchasing practices and efficiencies of area educational service centers and the application of IC 36-1-12 to those purchasing practices. The Commission took testimony on the feasibility of establishing a sales tax increment financing district in Warrick County to facilitate the establishment of a museum and education complex called "Village Earth".

On September 10, the Commission received testimony concerning the following:

- (1) Issues surrounding the possible elimination of the taxation of homestead property, including sources of replacement revenue and the impact on homeowners and local government.
- (2) Alternative methods for distribution within a county of taxes imposed under IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 (CAGIT, COIT, and CEDIT).

On October 8, the Commission took testimony concerning the following:

- (1) Gasoline pricing practices within the state.
- (2) Whether it is reasonable and appropriate to require all counties to use a single state designed software system to provide a uniform and common property tax management system.
- (3) The possibility of eliminating the existing method of assessing and valuing property for the purpose of property taxation and the use of alternative methods of valuing property for the purpose of property taxation.
- (4) The use of alternative methods of valuing property for the purpose of property taxation.
- (5) Issues related to the implementation of HEA 1001-2008.

The October 23 meeting continued the discussion of issues related to the implementation of HEA 1001-2008. In addition, the Commission took testimony concerning the following:

- (1) Long term and dependable funding possibilities to assist local units of government in filling budgetary gaps for road and bridge construction maintenance.
- (2) State and local funding alternatives for the South Shore West Lake extension.

At the November 10 meeting, a number of written proposals concerning funding of fire, transportation, and other services were distributed to Commission members. After review of the issues on which the Commission received legislative proposals and testimony during this interim, the Commission adopted a final report.



#### **IV. SUMMARY OF TESTIMONY**

The Commission heard the following testimony:

##### **Fire Protection Territories**

The Commission heard testimony from fire chiefs and other interested persons concerning issues arising in the formation and funding of fire protection territories. It was noted that HEA 1001-2008 had terminated an exemption from levy limits that prior law had granted to a property tax levy used to fund the activities of a fire protection territory for the first three years that property taxes were levied for the territory. A number of witnesses requested restoration of that exemption. Other witnesses requested relief from other aspects of the fire protection territory laws that had negatively affected the City of Princeton. The witnesses also described technical issues arising from the passage of HEA 1001-2008.

##### **Elimination of Property Taxes on Homesteads**

Five citizens testified in favor of eliminating all property taxes. A number of the citizens supported the proposition that eliminating property taxes could be accomplished by adding two percentage points to the state sales tax, adding two percentage points to the adjusted gross income tax imposed on corporations, and allowing county governments to impose additional local option income taxes. Other citizens proposed replacement strategies that included increased reliance upon other taxes and fees and a graduated state income tax system. It was also suggested that some property taxes should be replaced with new local option income taxes.

The Commission heard a proposal to replace homestead property taxes with sales tax revenues. The plan differed from the other plans in calling for the extension of the sales tax to services while reducing the sales tax rate. The proposal called for reducing the sales tax rate to 4.5%, if medical and legal services are taxed, or to 5.5%, if medical and legal services are exempted from the sales tax on services.

Representatives of local government and the business community testified to the Commission in opposition to eliminating homestead property taxes.

##### **Financing Local Road and Bridge Construction and Maintenance**

The Commission was told that local governments are experiencing a transportation funding problem that some already consider a crisis. The Commission heard testimony describing the factors contributing to the problem. The General Assembly was urged to:

- (1) Discontinue the use of gasoline taxes to fund the operations of the Indiana State Police and the Bureau of Motor Vehicles in order to free up more money for local

transportation budgets.

(2) Consider new revenue streams such as dedicating the state sales taxes collected on the sale of gasoline to local transportation funding.

(3) Improve the funding process for historic bridges.

Representatives of local government described the funding difficulties facing their communities. Others testified on the importance of good roads and bridges.

### **Distribution of CAGIT, COIT, CEDIT**

The Commission heard testimony on the effect of municipal annexation on the distribution of county income taxes. A proposal to allow county and municipal governments to negotiate matters affecting the distribution of the county income taxes in the course of an annexation was submitted to the Commission.

### **Single, State-Wide Property Tax Management System**

The Commission received a report from the DLGF on the feasibility of a uniform property tax management system. It was noted that the subject is controversial and that the State should not pick up the costs of implementation if a uniform system is adopted. However, the Commission was told that a uniform system would be ideal if money is not a factor. The testimony of witnesses representing the county assessors and software vendors downplayed the necessity of a uniform system.

### **Alternative Methods of Assessment and Miscellaneous Property Tax Proposals**

The DLGF also reported on the status of pay 2008 property tax collections and submitted a DLGF report discussing alternative assessment methods.

The Commission discussed with the DLGF a variety of property tax issues including new initiatives such as Level 3 assessor certifications, the DLGF's sales disclosure form database, DLGF operations, the Distressed Unit Appeal Boards, and trending contracts.

The Commission received a number of proposals to amend the Indiana Code concerning property taxes, including the following:

(1) Require the DLGF to determine the annual adjustment multiplier that should be applied in each neighborhood. The DLGF's determination should be based upon its review of sales disclosure data.

(2) Assess golf courses like agricultural land and reduce the circuit breaker cap on the property taxes of a golf course to 2% of the golf course's assessed value.

(3) Permit local governments to use local option income taxes (LOITs) to mitigate

- revenue cuts resulting from the application of the property tax circuit breakers.
- (4) Provide more fiscal autonomy to larger cities and towns, including the power to adopt LOITs of their own.
  - (5) Adopt policies to increase investment and ridership in public transportation that mitigate the public transportation sector's reliance on property tax revenues.
  - (6) Shift the sometimes disproportionate impact of property tax exemptions on particular taxing units to the county tax base.
  - (7) Improve the distribution of the LOITs and the other county income taxes.
  - (8) Make certain changes to the controlled project referendum statutes
  - (9) Collect taxes for services at the county level such as township assistance, fire, library, and parks that are used by everyone in the county but currently funded through the levies of multiple providing units.
  - (10) Permit local governments to seek voter approval of any proposed bond issuance backed by property taxes.
  - (11) Create an economic development bank that would operate as a revolving loan fund.
  - (12) Make certain changes to the assessment and appeals process including requiring standardized qualifications, imposing consistent deadlines for Form 130 appeals and Form 133 petitions, and establishing an ombudsman position.

The Legislative Services Agency reported on the effect of HEA 1001-2008 on property tax bills for 2008 in the 66 counties that have been studied thus far. The LSA also submitted a report on suggested changes to HEA 1001-2008.

### **Warrick County Sales Tax Increment Financing District: Village Earth**

The Commission heard testimony describing a proposal to develop the Village Earth Interpretative Center in Warrick County. The proposal calls for the construction of a multi-faceted tourist attraction anchored by the interpretative center. The center would be dedicated to fostering sustainable development, conservation, and the development of renewable energy sources. The plans also include lodging, dining, and retail facilities, an aquarium, and other attractions.

The Commission was told that the project is dependent upon receiving funding assistance from the General Assembly and will not happen without the General Assembly's assistance. Proponents of the project are seeking legislation authorizing the establishment of a sales tax increment financing district in Warrick County that would permit 80% of the sales taxes remitted by businesses located in the district to be captured for a period of 25 years for the financing of the center and its related projects.

### **South Shore West Lake Extension**

The Commission heard testimony describing the evolving plans for the Northern Indiana Commuter Transportation District's expansion of service to Lowell and Valparaiso. The

proposal to extend commuter rail service to Lowell meets federal funding guidelines but the proposal to connect Valparaiso with the Lowell line at Munster does not. The current focus of the expansion plan is on proceeding with the Lowell extension. The possibility of connecting Valparaiso to the existing commuter line in Gary is being explored as a way of meeting federal funding guidelines for a later construction project. The Commission was told that constructing the Lowell line is significantly less expensive than the original plan for a full build out. It was explained to the Commission that the interested parties are still working on funding proposals to supply the local match required by the federal government.

### **Funding for the Indiana Law Enforcement Academy**

The Commission heard testimony that the Indiana Law Enforcement Academy (ILEA) currently operates on a budget of approximately \$4.6M. Fifty per cent of the budget is derived from dedicated fees and the remainder is appropriated from the State General Fund. Officials from the ILEA testified that a budget of \$6M is now necessary because the ILEA needs more dormitory and classroom space and is facing increased costs for ammunition, fuel, utilities, and simulators and other training aids. The Commission also heard testimony that the Northwest Indiana Law Enforcement Academy (NWILEA) may lose its space on the Indiana University-Northwest campus. It was stated that if the NWILEA was unable to find suitable accommodations in Northwest Indiana, absorbing the training now provided at the NWILEA would add to the strain on the Plainfield facilities of the ILEA and require a seven per cent increase in the ILEA budget.

### **Purchasing Practices of Area Educational Service Centers**

The Commission heard concerns from legislators and citizens that the practice of purchasing items such as roofs, carpets, and playing fields through area educational service centers improperly avoids the competitive bidding requirements of the local public works law. Representatives of the area educational service centers explained to the Commission why the centers believe that the purchases are permissible under Indiana law.

### **Gasoline Pricing**

Witnesses agreed that changes in the price of crude oil are the determining factor in the changes to the price of gasoline and described the factors behind crude oil price increases. State and federal policy makers were urged to focus on:

- (1) reducing barriers to increasing supply;
- (2) encouraging improved fuel efficiency;
- (3) encouraging investment in the long term;
- (4) allowing market allocation;
- (5) refraining from new taxation; and
- (6) participating in world markets rather than encouraging isolation from them.

It was testified that competition at the retail level constrains the profit margins on gasoline to the point many stations are selling gasoline below cost. The Commission was told that the profit margin on gasoline decreases as the wholesale price of the gasoline increases. The occurrence of gasoline price differentials from one community to another was explained as the effect of the competitive market within each community. It was suggested that communities that have the lowest gasoline prices are likely influenced by retailers who sell gasoline as a loss leader. The Commission was told that the competitive situation is driven by publically available information and not anti-competitive behavior.

## **V. COMMITTEE FINDINGS AND RECOMMENDATIONS**

The Commission made the following findings of fact:

(1) HEA 1001-2008 made significant changes in the property tax system and in the provisions related to the adoption and use of local option income taxes. The enactment of HEA 1001-2008 follows by one year related changes enacted in HEA 1478-2007. Together, HEA 1478-2007 and HEA 1001-2008 provide significant property tax relief for homeowners and other taxpayers. Most of the provisions in HEA 1001-2008 do not go into effect until 2009. Local units and the State are currently engaged in changing procurement practices, exploring consolidation possibilities, levy assessment and collection procedures, and other policies to respond to these laws. The success of these initiatives will determine the impact HEA 1478-2007 and HEA 1001-2008 will have on taxpayer property tax burdens, local budgets, local services, and the ability of local units to assess and collect property taxes in a timely manner. Implementation of these initiatives for at least one to two years is necessary to determine the degree to which HEA 1478-2007 and HEA 1001-2008 have successfully balanced the need for taxpayer relief with the need for adequate revenue to provide services. Adoption in the 2009 Session of the General Assembly of major changes in the statutory language enacted in HEA 1478-2007 and HEA 1001-2008 would add to the difficulty in providing for the timely assessment, imposition, and collection of property tax revenues and undermine local initiatives to provide taxpayer relief, balance budgets, evaluate funding priorities, and consolidate services.

(2) Continuing review of the funding needs of local governmental entities after the 2009 Session of the General Assembly is justified. Although HEA 1478-2007 and HEA 1001-2008 provide a number of mechanisms to assist local governments in addressing funding issues, including the property tax cap relief granted by the Distressed Unit Appeal Board and revenue enhancement through the adoption of local option income taxes, additional measures may be needed to guarantee adequate long term funding. Factors such as loss of revenue resulting from annexation of territory by a municipality, declining assessed values, disproportionately high percentages of exempt property, and special funding needs may require unique solutions for different communities. For example, changes in the distribution formulas for county adjusted gross income taxes, county option income

taxes, or county economic income taxes, including local option income taxes authorized by HEA 1478-2007 and HEA 1001-2008 may assist in meeting the unique needs of particular communities. The magnitude of any unmet needs and the structure of appropriate solutions cannot be determined until local initiatives authorized by current law are more fully implemented. The Commission has adequate statutory authority under IC 2-5-3 to continue to monitor and study these issues.

(3) HEA 1001-2008 contains various provisions that are in technical conflict with HEA 1293-2008 or otherwise have technical or legal errors that do not reflect the intent of the General Assembly. Correction of these matters will assist local units in implementing the changes made by HEA 1001-2008.

(4) Minor changes in the process for initiating a referendum for voter approval of a controlled project are needed to provide for the efficient consideration of funding issues. Shifting the cost of conducting a referendum in years that a general or primary election is not held is necessary to avoid an unnecessary financial burden on counties to fund the cost of referenda initiated by other taxing units.

(5) The statutory changes in the membership requirements for the Property Tax Assessment Board of Appeals may be needed to permit the board to improve the effectiveness and efficiency of the Board.

(6) The biennial budget process is the primary method through which state funding priorities are determined.

The Commission made the following recommendations:

(1) That PD 3551 (2009) be prepared for introduction in the 2009 Session of the General Assembly to correct the following technical conflicts and other minor legal or technical errors in the language of HEA 1001-2008:

(A) Specify that a person may apply for the standard deduction on a sales disclosure form.

(B) Establish filing requirements for the property tax standard deduction that are similar to the filing requirements that applied to homestead credit applications.

(C) Correct the language added by HEA 1001-2008 to reflect changes enacted in HEA 1293-2008 related to:

(i) the date a person must own a homestead to qualify for standard deduction; and

(ii) extending the period in which a person may file for a standard deduction.

(D) Merge the text of a definition related to the senior citizen tax limit credit into the credit law.

(E) Standardize the language describing a homestead in the standard deduction law, the circuit breaker credit law, and the senior citizen tax limit law so that it refers to a homestead that is eligible to receive a standard deduction.

(F) Codify a noncode law that provides that an individual or entity that receives a standard deduction (or received a homestead credit) in a particular year and

remains eligible for the standard deduction is not required to refile a statement to apply for the standard deduction.

(G) Exempt nonelected school boards from the law requiring taxing units with nonelected governing bodies to have bond issues and leases approved by the fiscal body of a county, city, or town.

(H) Define "registered voter" for purposes of the statute specifying who is eligible to sign a petition requesting a referendum for a controlled project.

(I) Remove the expiration date for the county boards of tax adjustment.

(J) Allow a civil taxing unit to increase its property tax levy in the first year in which the civil taxing unit participates in a fire protection territory with review and approval of the proposed increase by DLGF.

(K) Legalize the method used by the DLGF to reduce the 2009 maximum permissible ad valorem property tax levy of taxing units that paid benefits to members of the 1925 police pension fund, the 1937 firefighters' fund, or the 1953 police pension fund.

(2) That legislation be prepared for introduction in the 2009 Session of the General Assembly to do the following:

(A) Indicate that the certification of a referendum on a controlled project must occur not later than noon:

(i) sixty (60) days before a primary election if the referendum is to be placed on the primary or municipal primary election ballot; or

(ii) August 1 if the referendum is to be placed on the general or municipal election ballot.

(B) Provide that a referendum on a controlled project may be voted on at a special election only if the fiscal body of the political subdivision that seeks to issue the bonds or enter into the lease agrees to pay the costs of holding the special election.

(Current law provides that in a year without any elections, the political subdivision that requests the special election is not required to pay the costs of holding the special election.)

(C) Specify that if a referendum petition is presented to the county voter registration office within 45 days (rather than 35 days, under current law) before an election, the county voter registration office may defer acting on the referendum petition until after the election.

(D) Provide that a special election on a referendum may be held only in May or November of a year in which there is not a primary, municipal, or general election scheduled in the political subdivision.

(E) Authorize a political subdivision to initiate a referenda for a controlled project on its own motion if:

(i) a controlled project is subject to the referendum procedure law and no other person has filed a petition that has a sufficient number of signatures to initiate the referendum process; or

(ii) the project would be subject to the referendum process if the project did not qualify as an emergency project that is exempted from the

referendum process in the statutory definition of "controlled project"

(3) That, in addition to the technical correction to the fire protection territory law proposed in recommendation number one above, legislation be prepared for introduction in the 2009 Session of the General Assembly to do the following:

(A) Provide that a participating unit in a fire protection territory established after December 31, 2005, and before January 1, 2008, may appeal to the local government tax control board for an increase in the participating unit's maximum permissible property tax levy and provide that the Department of Local Government Finance may grant the appeal and allow the participating unit to increase its levy to meet the expenses of operation and maintenance of the fire protection services within the fire protection territory, plus a reasonable operating balance.

(B) Provide that for purposes of allocating any local option income tax or excise tax distributions that are based on the amount of a civil taxing unit's property tax levies, property taxes imposed within a civil taxing unit for a fire protection territory shall be considered property taxes levied by that civil taxing unit.

(4) That funding requests related to the construction and maintenance of local bridges and roads be made to the appropriate State Budget Committee members and Budget Agency personnel for review during the upcoming biennial budget process.

(5) That legislation be prepared for introduction in the 2009 Session of the General Assembly to expand the purposes for which property taxes levied for the Major Bridge Fund (IC 8-16-3.1) may be used.

(6) That legislation be prepared for introduction in the 2009 Session of the General Assembly to establish method for determining the assessed value of golf courses that is similar to income capitalization method used to establish the assessed value of farm land.

(7) That funding requests related to the operation and capital improvement of the Indiana Law Enforcement Academy and similar regional training centers, such as the northwest Indiana law enforcement training center, be made to the appropriate State Budget Committee members and Budget Agency personnel for review during the upcoming biennial budget process.

(8) That Education Service Centers review their bidding processes to eliminate provisions that unnecessarily limit the types of contracts who are eligible to compete for the delivery of the type of goods or services being bid, including any specifications that limit contracts to vendors who operate in a state other than Indiana.

(9) Legislation recommended in this Report should include in the digest the following phrase "(The introduced version of this bill was prepared by the commission on state tax and financing policy.)"



## WITNESS LIST

Christine Altman, Central Indiana Regional Transportation Authority  
George Angelone, Legislative Services Agency  
Mayor Tim Armstrong, Madison  
Sen. James Arnold  
Rep. Terri Austin  
Dr. James Baird, Putnam County Commissioner  
Rep. Kreg Battles  
Andrew Berger, Association of Indiana Counties  
Rusty Bodenhorn, Economic Development Director, Noblesville  
Tom Bodin, Chief Economist, Office of the Attorney General  
Dave Bond  
Sen. Phil Boots  
Rep. Brian Bosma  
Dave Bottorff, Executive Director, Association of Indiana Counties  
Sen. John Broden  
Mark Cahoon, Indiana Manufacturers Association  
Rich Carlucci, Town Manager, Plainfield  
Rhonda Cook, Indiana Association of Cities and Towns  
Brad Davis, Hamilton County Highway Engineer  
Rep. Chet Dobis  
John Doerr  
Mylssa Donaghy  
Bob Dutton  
Gary Eaton, Director of Procurement, Project Accounting and Budget, INDOT  
Dennis Faulkenburg, Build Indiana Council  
Jim Fisher  
Mike Flint  
Ed Gohmann, Legislative Services Agency  
Rusty Goodpaster, Executive Director, Indiana Law Enforcement Academy  
Greg Guerrettaz, Financial Solutions Group  
Tom Guevara, Crowe Chizek  
Tom Hanify, President, Professional Firefighters Union of Indiana  
Chris Johnston, Office of Management and Budget  
Katrina Hall, Indiana Farm Bureau  
Gerald Hanas, General Manager, Northern Indiana Commuter Transportation District  
Sen. Brandt Hershman  
Paula Hughes, Allen County Council  
Scot Imus, Executive Director, Indiana Petroleum Marketers and Convenience Store Association  
Jill Jackson, Johnson County Clerk  
Frank Kelly, Nexus Group  
Steve Keltner  
Sen. Luke Kenley

Errol Klem, President, Indiana Golf Association  
Deryl Kratzer, President, Tremco  
Michael Lindsay, Deputy Director, Indiana Law Enforcement Academy  
Heather Macek, Barnes & Thornburg  
Mayor Terry McDonald, New Haven  
Maggie McShane, Executive Director, Indiana Petroleum Council  
Richard Miller, Howard County Council  
Tim Mosbey, Warrick County Council  
Sen. Frank Mrvan  
Cheryl Musgrave, Commissioner, Department of Local Government Finance  
James O'Donnell  
Kevin Overmyer, Marshall County Commissioner  
Nelson Peters, Allen County Commissioner  
Jeffrey Phillips, Executive Vice President, Hoosier Heritage Youth Foundation  
Barbara Quandt, Indiana State Director, National Federation of Independent Businesses  
Pat Roller, Controller, Fort Wayne  
Timothy Rushenberg, Department of Local Government Finance  
Timm Schabbel, Chief of the Clay Township Fire Department, St. Joseph County  
Mark Scherer, Attorney  
Greg Seiter, Public Affairs Manager, AAA Hoosier Motor Club  
Robert Sigalow, Legislative Services Agency  
Gregg Sinderson, Wilson Educational Service Center  
Judy Sharp, Monroe County Assessor  
Aaron Smith, Watchdog Indiana  
Rep. Milo Smith  
Jason Spindler,  
Larry Taylor, Executive Director, Warrick County Economic Development Department  
Conrad Urban  
Rep. Vern Tinsler  
John Vance, Chief of the Harris Township Fire Department, St. Joseph County  
Gary Vandergriff, Johnson County Highway Director  
James VanGorder, Chief of the Zionsville Fire Protection Territory  
Diana Vice  
Bill Waltz, Indiana Chamber of Commerce  
Sen. Brent Waltz  
Sen. Greg Walker  
Eric Wathen, Hendricks County Commissioner  
Sen. Thomas Weatherwax  
Bill Williams, Monroe County Highway Engineer  
Paul Wilson, Madison County Commissioner  
Rob Wynkoop, Deputy Commissioner Procurement, Department of Administration  
Sen. R. Michael Young  
Sen. Joseph Zakas